

Washington State Auditor's Office

Audit Report

Chelan County Conservation District No. 20

Audit Period
January 1, 1996 through December 31, 1998

Report No. 61300

Issue Date
May 12, 2000



Washington _____
State Auditor

Brian Sonntag

Audit Summary

Chelan County Conservation District No. 20 January 1, 1996 through December 31, 1998

ABOUT THE AUDIT

This report contains the results of our three-year independent audit of Chelan County Conservation District No. 20 for the period January 1, 1996, through December 31, 1998.

We performed audit procedures to determine whether the District complied with applicable state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated internal controls established by the Board of Supervisors. The special focus of our audit was the cash receipting system. The specific area examined was the District's annual tree sales.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. The District generally had sufficient internal controls in place to safeguard assets, although some weaknesses were noted. We also found the District's financial statements were complete and accurate.

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Description of the District

Chelan County Conservation District No. 20 January 1, 1996 through December 31, 1998

ABOUT THE DISTRICT

Chelan County Conservation District No. 20 is a subdivision of the state of Washington Conservation Commission. Its function is to preserve and conserve the natural resources of the state.

The District has five employees. The District is managed by a Board of Supervisors made up of five local people who are responsible for managing the operations and budgeting of the District. The District acts as its own treasurer and auditor by maintaining its own checking and savings accounts, along with investments. The District expended approximately \$150,000, \$251,000 and \$278,000 in 1998, 1997 and 1996, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Supervisors:
Chairman

Robert Carleton
Conrad Petersen
Scott McManus
Dale Fry
Frank Andrews

APPOINTED OFFICIALS

District Administrator

Peggy Entzel

ADDRESS

District

Room 307
301 Yakima Street
Wenatchee, WA 98801
(509) 664-0265

Audit Areas Examined

Chelan County Conservation District No. 20 January 1, 1996 through December 31, 1998

In keeping with general auditing practices, we do not examine every portion of Chelan County Conservation District No. 20's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Conflict of interest laws
- Legal and supported payments
- Travel/credit card usage

INTERNAL CONTROL

We evaluated the following areas of the District's internal control structure:

- Billings/cash receipting
- Purchasing

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Revenues
- Overall presentation of the financial statements
- Cash
- Expenditures
- Investments

Audit Overview

Chelan County Conservation District No. 20 January 1, 1996 through December 31, 1998

AUDIT HISTORY

We audit Chelan County Conservation District No. 20 every three years. Prior audit reports have been free of findings. During the current audit, no conditions were noted that were significant enough to report as findings.

CONCLUSIONS

In the areas examined, we found the District complied with most laws and regulations and its own policies and procedures. The District generally had sufficient internal controls in place to safeguard assets, although weaknesses were noted. We also found the District's financial statements were complete and accurate.

Cash receipting procedures of tree sales were a major focus of our audit. The nature of how these funds are collected and deposited creates a high potential for misuse. We found that adequate controls are in place to safeguard these public funds.

We appreciate the District's prompt attention to continue resolving recommendations made by our Office. We also thank District officials and staff for their assistance and cooperation during the audit.

Independent Auditor's Report on Compliance with State Laws and Regulations

Chelan County Conservation District No. 20 January 1, 1996 through December 31, 1998

Board of Supervisors
Chelan County Conservation District No. 20
Wenatchee, Washington

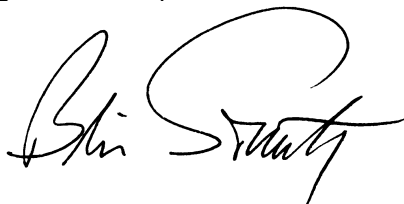
We have audited the financial statements of Chelan County Conservation District No. 20, Chelan County, Washington, as of and for the years ended December 31, 1998, 1997 and 1996, and have issued our report thereon dated February 16, 2000.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the District's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

February 16, 2000

Independent Auditor's Report on Financial Statements

Chelan County Conservation District No. 20 January 1, 1996 through December 31, 1998

Board of Supervisors
Chelan County Conservation District No. 20
Wenatchee, Washington

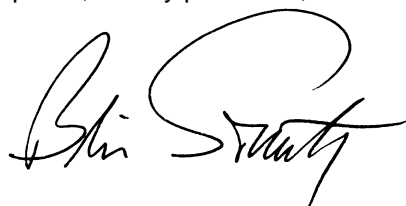
We have audited the accompanying financial statements of Chelan County Conservation District No. 20, Chelan County, Washington, for the years ended December 31, 1998, 1997 and 1996. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of Chelan County Conservation District No. 20 for the years ended December 31, 1998, 1997 and 1996, on the cash basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of State and Local Financial Assistance are presented for purposes of additional analysis. These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.



BRIAN SONNTAG, CGFM
STATE AUDITOR

February 16, 2000

Financial Statements

Chelan County Conservation District No. 20 January 1, 1996 through December 31, 1998

FINANCIAL STATEMENTS

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Fund Resources and Uses Arising from Cash Transactions – 1997
Fund Resources and Uses Arising from Cash Transactions – 1996
Notes to Financial Statements – 1998
Notes to Financial Statements – 1997
Notes to Financial Statements – 1996

ADDITIONAL INFORMATION

Schedule of State and Local Financial Assistance – 1998
Schedule of State and Local Financial Assistance – 1997
Schedule of State and Local Financial Assistance – 1996